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Subject: Weekly Report

Happy Wednesday!

Exelon-PHI Merger – While Delmarva Power has still not completed response to initial discovery, they are pushing to maintain the original procedural schedule. Staff has proposed a moderately delayed schedule with the Hearing Examiner which puts the final evidentiary hearing in mid February, but no response from Exelon or Delmarva on this new proposal. Unless there is some agreement before Oct. 3, Staff will most likely file a motion to deny the applicant's filing.

As of yesterday, Delmarva has indicated that they will be having settlement discussion with Staff and the DPA. Unfortunately, neither Staff nor their lawyer is aware of any settlement discussion plans and has not been invited to the table. Additionally, there has been no set level of expectations established by any of the parties that will meet the public interest test. While Staff will participate, if invited, Staff does not see much potential for settlement this early in the case.

Mr. Jeremy Firestone, an independent party to the proceeding, has been censured by the Hearing Examiner and requested to limit discovery and motions in the proceeding. The Hearing Examiner believes Mr. Firestone is excessive in his discovery requests and has limited interest beyond pursuit of a wind energy grant for the University of Delaware. Mr. Firestone has filed an Interlocutory Appeal with the Commission asking the Commission to vacate certain orders and to replace the Hearing Examiner on this case. The appeal is scheduled to be heard by the Commission on September 30.

Verizon Delaware, LLC – High Cost Support from the Federal Universal Service fund is available to certain telecommunications carriers. This financial support is provided to help offset the cost of service in rural areas of the State and requires an annual certification filing with the Universal Service Administrative Company (USAC) and the FCC. Verizon Delaware is the State's sole eligible provider and has filed its certification with the Commission. At the last August meeting, the Commission authorized the Executive Director to make the appropriate filings on or before October 1, 2014. Filings were made yesterday and the net result will be an estimated \$225,000 of annual financial support to Verizon Delaware for maintaining rural service.

PSC E-File System – After a last minute change of payment processing agencies, the Delafire development team has begun testing the new electronic payment gateway. Testing is expected to conclude in approximately two (2) weeks, after which, the PSC should be able to process filings and related payments more expeditiously. This is just one more step in the evolution of the E-filing system.

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